

Message Text

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17

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07

H-03 L-03 NSC-10 PA-04 PRS-01 SS-20 USIA-15 SAJ-01

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R 290500Z DEC 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 1743

INFO AMEMBASSY ISLAMABAD

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AMEMBASSY NEW DELHI

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TAGS: ETRD, PINR, BG, UR

SUBJECT BANGLADESH COMMERCE MINISTER SIGNS TRADE AGREEMENT IN
MOSCOW

REF: DACCA A-84, NOV 21, 1973

SUMMARY: COMMERCE MINISTER RETURNED FROM MOSCOW AMID HEAVY
PUBLICITY ABOUT PROSPECTS FOR SOVIET AID TO 5-YEAR PLAN, ESPECIALLY
IN AGRICULTURE, AND THE CONCLUSION OF TWO TRADE AGREEMENTS WHICH
COMMIT BANGLADESH TO TRADE OR BUY SOVIET GOODS WORTH ABOUT 30
MILLION POUNDS STERLING IN 1974. SOVIETS SEEM TO HAVE DRIVEN HARD
BARGAIN REQUIRING BD TO BARTER MORE GOODS FOR LESS IN RETURN THAN
UNDER LAST BARTER DEAL AND REQUIRING BD TO FORK OUT SCARCE FOREIGN
EXCHANGE FOR MANY URGENTLY NEEDED COMMODITIES. SOVIETS APPARENTLY
REVEALED TO MINISTER'S PARTY THAT THEY WOULD HAVE DIFFICULTIES
COMING UP WITH CRUDE OIL FOR BD. END SUMMARY.

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1. COMMERCE MINISTER A.H.M. KAMARUZZAMAN RETURNED TO DACCA DEC 25

FROM WEEK-LONG OFFICIAL VISIT TO MOSCOW WHERE HE SIGNED TWO TRADE AGREEMENTS. ACCORDING PRESS, MINISTER DESCRIBED HIS TRIP AS "VERY SUCCESSFUL" AND SPOKE OF "MASSIVE ASSISTANCE" WHICH SOVIETS WOULD PROVIDE TO HELP IMPLEMENT BD'S NEW 5-YEAR PLAN.

2. MINISTER TOLD PRESS THAT HE SIGNED TWO SEPARATE AGREEMENTS 12/21, ONE CALLING FOR BARTER TRADE WORTH TK 210 MILLION EACH WAY AND SECOND CALLING FOR CASH PURCHASES WORTH TK 350 MILLION. HE ADDED THAT LATTER AGREEMENT COULD ALSO HAVE BEEN COVERED BY BARTER DEAL HAD BANGLADESH POSSESSED SUFFICIENT GOODS TO TRADE. (\$1 EQUALS APPROXIMATELY TAKA 8 AT OFFICIAL RATES.) MINISTER BOASTED THAT HE HAD RECEIVED MAGNIFICENT TREATMENT IN USSR AND THAT LATTER, AS "SPECIAL GESTURE OF FRIENDSHIP" HAD OFFERED BD SOME ITEMS WHICH IT HAD NEVER OFFERED ANY OTHER COUNTRY UNDER BARTER DEAL. ADDED THAT WITH THESE TWO DEALS, BD ABLE OBTAIN COMMODITIES WHICH "VERY RARE" IN PRESENT WORLD MARKET, INCLUDING ESSENTIAL CONSUMER GOODS AND INDUSTRIAL RAW MATERIALS. (COMMENT: IT NOT CLEAR PRECISELY WHAT THESE

RARE ITEMS ARE, BUT PRESUMABLY THEY INCLUDE SOME POL, IRON AND ZINC.)

3. MINISTER SAID THAT "HIGH-POWERED" SOVIET ECONOMIC DELEGATION WOULD VISIT DACCA IN JANUARY TO TALK WITH PLANNING COMMISSION ABOUT AID MATTERS, PARTICULARLY IN FIELD OF AGRICULTURE. ALSO NOTED THAT USSR WOULD ENCOURAGE SOVIET TOURISTS TO VISIT BANGLADESH.

4. ONE PRESS ACCOUNT QUOTES MINISTER AS SAYING USSR ALSO CONSIDERING SENDING CRUDE OIL TO BD BUT NOTES THAT SOVIET UNION'S OWN CRUDE OIL SITUATION "NOT BEING VERY SOUND," THIS SUPPLY MATTER COULD NOT BE IMMEDIATELY SETTLED.

5. BARTER TRADE
FOR CY 74: BD TO BUY FROM USSR MACHINERY AND SPARE PARTS WORTH 1 MILLION POUNDS STERLING; ROLLS FOR STEEL MILLS WORTH 100,000 POUNDS; INGOT MOLDS WORTH 100,000 POUNDS; 30,000 MT KER-
OSENE; 18,000 MT PIG IRON FOR COKING; 5,000 MT PIG IRON FOR
FOUNDRIES; 5,000 MT M.S. BILLETS; 200 MT ZINC INGOTS; 4,000 MT
COTTON; 5,000 MT SUNFLOWER SEED OIL; BOOKS AND PERIODICALS WORTH
15,000 POUNDS; FEATURE FILMS WORTH 15,000 POUNDS; AND MISCELLANEOUS
ITEMS WORTH 750,000 POUNDS. SOVIET PURCHASES FROM BD TO INCLUDE
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18,500 MT RAW JUTE; 20 MILLION METERS HESSIAN CLOTH; 10 MILLION
JUTE SACKS; 1.7 MILLION GOATSKINS; 2,000 TONS TEA; PLUS HIDES,
PUBLICATIONS, FILMS AND MISCELLANEOUS.

6. ITEMS WHICH BD WILL PURCHASE FOR CASH IN 1974 INCLUDE: 30,000
MT KEROSENE; 100,000 MT HIGH SPEED DIESEL OIL; 100,000 MT COTTON;
10,000 MT M.S. BILLETS; 500 MT ZINC INGOTS. ONE PAPER ADDS 10,000
MT EDIBLE OIL TO LIST.

7. EMBOFF CONTACTED ACTING SOVIET TRADE REP, BORIS LOGUINOV, DEC 27 TO INQUIRE ABOUT ABOVE TRADE DEALS. LOGUINOV SAID ALL HE KNOWS IS WHAT WAS IN PAPERS BUT OFFERED TO PROVIDE FURTHER DETAILS WHEN HIS BOSS, V. V. ZVEREV (WHO WENT TO MOSCOW FOR TRADE NEGOTIATIONS), RETURNS WITH COPIES OF TRADE DOCUMENTS.

8. COMMENT: VALUE OF THIS THIRD BARTER AGREEMENT (ABOUT 11.1 MILLION POUNDS STERLING) IS SIGNIFICANTLY ABOVE THAT SIGNED YEAR AGO (REF) WHICH CALLED FOR TRADE WORTH ABOUT 8 MILLION POUNDS EACH WAY. HOWEVER, IN COMPARING QUANTITIES TO BE TRADED UNDER SECOND AND THIRD BARTER DEALS, IT APPEARS BANGLADESH WILL HAVE TO EXPORT MORE (ESPECIALLY GUNNYSACKS) AND WILL GET LESS IN RETURN (VIZ KEROSENE, PIG IRON, ZINC, AND COTTON) UNDER THIRD BARTER. (SEE PARA 1(C) DACCA 5320 OF 12/12/72 FOR DETAILS SECOND BARTER). MOREOVER, SECOND OF TWO AGREEMENTS MINISTER SIGNED IN MOSCOW IS NO GREAT DEAL FOR BD IN THAT IT REPORTEDLY PROVIDES THAT BD MUST EXPEND ABOUT 18.4 MILLION POUNDS STERLING, PRESUMABLY IN FREE FOREIGN EXCHANGE, TO BUY GOODS IN USSR. PROMISE OF POSSIBLE SOVIET AID TO AGRICULTURE FITS IN WITH WHAT WE HAVE HEARD FROM OUR LOCAL SOVIET CONTACTS RECENTLY. WE NOTE IN THIS CONNECTION THAT 3-MAN TEAM OF SOVIET EXPERTS SUBMITTED PRELIMINARY REPORT ON FLOOD CONTROL AND IRRIGATION TO BDG 12/22 FOLLOWING 2-MONTH STUDY. WE HAVE HAD NO INDICATION YET THAT KAMARUZZAMAN SAW BREZHNEV OR KOSYGIN OR THAT HIS VISIT ACCOMPLISHED ANYTHING REALLY SIGNIFICANT. OVERALL, PROMINENT PRESS PLAY OF AGREEMENTS AND KAMARUZZAMAN'S RETURN STRIKE US PRIMARILY AS PROPAGANDA PLOY FOR BENEFIT OF BOTH BDG AND SOVIETS.
NEWBERRY

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